

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 SSM-05 CCO-00 CIAE-00

OTPE-00 FCC-02 INR-07 NSAE-00 OC-06 USIA-15

BIB-01 TRSE-00 DODE-00 PA-02 PRS-01 SP-02 /072 W

-----242121Z 073760 /46

R 240500Z MAR 77

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 7757

INFO AMCONSUL DHAHRAN

AMEMBASSY BRUSSELS

USLO RIYADH

USDOC WASHDC

UNCLAS JIDDA 2272

E.O. 11652: N/A

TAGS: ETEL, BEXP, SA

SUBJ: CANCELLATION OF PHILIP ATP NEGOTIATIONS BY SAG

1. MARCH 23, 1977 EDITION OF ARAB NEWS CARRIES ARTICLE
ANNOUNCING SAUDI CANCELLATION OF ATP NEGOTIATIONS WITH
PHILIPS.

2. ARTICLE FOLLOWS: QUOTE. THE GOVERNMENT OF SAUDI ARABIA
DECIDED TUESDAY TO STOP NEGOTIATIONS ON A SIZEABLE TELECOMMUN-
ICATIONS CONTRACT WITH THE DUTCH PHILIPS COMPANY BECAUSE OF
INFLATED COSTS, RIYADH RADIO ANNOUNCED TUESDAY.
PHILIPS, THE ANNOUNCEMENT SAID, HAD QUOTED SEVEN BILLION
DOLLARS FOR THE PROJECT AGAINST A SAUDI GOVERNMENT COST ESTI-
MATION OF \$1.2 BILLION.

THE WRANGLING PERSISTED AND THE GOVERNMENT CALLED
OFF THE CONTRACT IN THE FINAL PHASE OF NEGOTIATIONS,
THE RADIO ADDED. IT INDICATED THE COMPANY WILL BE
INCLUDED IN A SAUDI "BARRED BIDDERS" LIST OF COMPANIES
ACCUSED OF INFLATED BIDS.

THE SAUDI MINISTER OF INDUSTRY AND ELECTRICITY,

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DR GHAZI ALGOSAIBI, HAS RECENTLY CONCLUDED A TOUR OF
SEVERAL ASIAN AND FAR EASTERN COUNTRIES TO EXPLORE
CHANCES OF REPLACING WESTERN FIRMS THAT HAVE QUOTED
EXAGGERATED COSTS FOR ELECTRIFICATION, SEWAGE AND FLOOD
CONTROL PROJECTS IN SAUDI ARABIA.

IN THE WAKE OF INFLATED BIDS BY WESTERN COMPANIES,
SAUDI ARABIA THREATENED TO TURN TO THIRD WORLD

COMPANIES WHICH OFFER ACCEPTABLE COSTS FOR PROJECTS UNDER
THE FIVE-YEAR DEVELOPMENT PLAN.
THE MINISTRY OF INDUSTRY AND ELECTRICITY HAS AWARDED
\$400 MILLION WORTH OF ELECTRIFICATION PROJECTS TO
CONTRACTORS IN INDIA, PAKISTAN, TAIWAN AND SOUTH KOREA.
SAUDI OFFICIALS SAID THE SAME PROJECTS HAD BEEN DENIED
WESTERN FIRMS BECAUSE THEIR COST ESTIMATES EXCEEDED
\$1.2 BILLION. END QUOTE.
PORTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELECOMMUNICATION, PROGRAMS (PROJECTS), NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977JIDDA02272
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770101-0828
Format: TEL
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770327/aaaaaxgy.tel
Line Count: 71
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: db4520b3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3011551
Secure: OPEN
Status: NATIVE
Subject: CANCELLATION OF PHILIP ATP NEGOTIATIONS BY SAG
TAGS: ETEL, BEXP, SA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/db4520b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009